

UAC INSURANCE MUTUAL

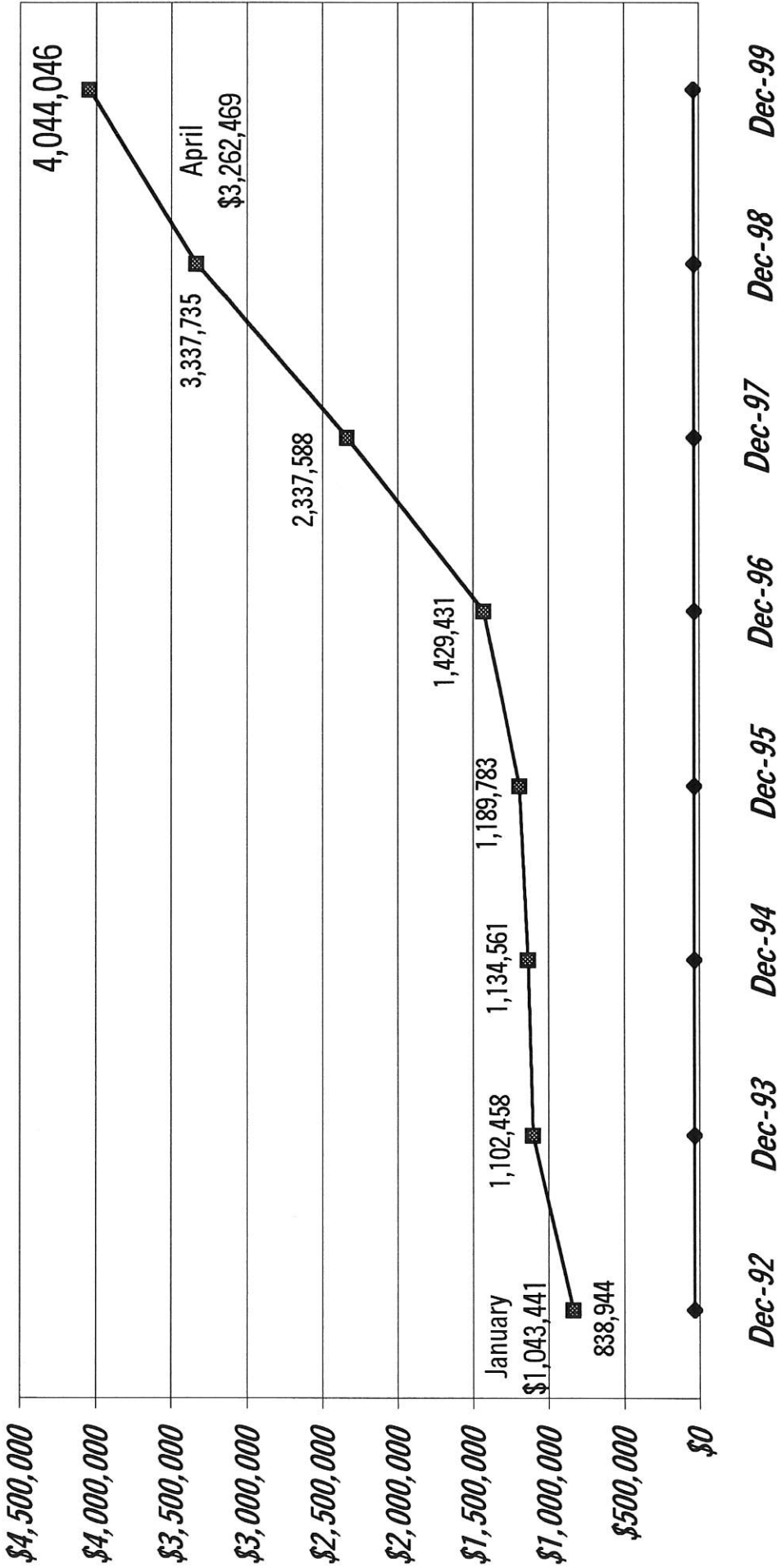
Membership Meeting

April 12, 2000, 5:00 p.m.
Provo Marriott Aspen Room

A G E N D A

5:00	Welcome & Member Roll Call	Gary Herbert
	Dinner Served	
	Approval of November 1999 Minutes	Gary Herbert
	Annual Statement	Dan McConkie
	2000 Budget	Sarah Ann Skanchy
	Claims Experience	Brett Rich
	Payment of Debentures	Ty Lewis
	Questions	
6:00	Adjourn	

ANNUAL SURPLUS



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surplus make lines wave

UACIM COUNTY INSURANCE COORDINATORS

Paul Barton ✓
Beaver County Clerk-Auditor
P.O. Box 392
Beaver, UT 84713
435-438-6460
435-438-6481 (fax)

Robert Pero ✓
Carbon County Clerk-Auditor
120 East Main
Price, UT 84501
435-636-3224
435-636-3210 (fax)

Pat Snowball ✓
Emery County Benefits Office
P.O. Box 907
Castle Dale, UT 84513
435-381-2307
435-381-5529 (fax)

David Yardley ✓
Iron County Clerk
P.O. Box 429
Parowan, UT 84761
435-477-8341
435-477-8847 (fax)

LeRay Jackson ✓
Millard County Attorney
P.O. Box 545
Delta, UT 84624
435-864-2716
435-864-2717 (fax)

Rick Bailey ✓
San Juan County Administrator
P.O. Box 09
Monticello, UT 84535
435-587-3225
435-587-2425 (fax)

Jerry Golins ✓
Uintah County Administrator
152 East 100 North
Vernal, UT 84076
435-781-5462
435-781-5319 (fax)

Carolyn Sutterfield ✓
Washington County Commission Office
197 East Tabernacle
St. George, UT 84770
435-634-5700
435-634-5753 (fax)

John Rausch ✓
Box Elder County Purchasing
01 South Main Street
Brigham City, UT 84302
435-734-2031 x12
435-734-2038 (fax)

Linda May ✓
Davis County Deputy Clerk-Auditor
P.O. Box 618
Farmington, UT 84025
801-451-3325
801-451-3202 (fax)

Camille Moore ✓
Garfield County Clerk-Auditor
P.O. Box 77
Panguitch, UT 84759
435-676-8826 x100
435-676-8239 (fax)

Mike Seely ✓
Juab County Administrator
160 North Main
Nephi, UT 84648
435-623-1507
435-623-5936 (fax)

Valeen Brown ✓
Piute County Clerk-Auditor
Box 99
Junction, UT 84740
435-577-2840
435-577-2433 (fax)

Ilene B. Roth ✓
Sanpete County Auditor
160 North Main
Manti, UT 84642
435-835-2142
435-835-2144 (fax)

Kent Sundberg ✓
Utah County Deputy Attorney
100 East Center #2400
Provo, UT 84606
801-370-8001
801-370-8009 (fax)

Sandra Rees ✓
Wayne County Clerk-Auditor
18 South Main
Loa, UT 84747
435-836-2731
435-836-2479 (fax)

Lynn Lemon ✓
Cache County Executive
120 North 100 West
Logan, UT 84321
435-752-5935
435-752-9196 (fax)

Judy Mutton ✓
Duchesne County Clerk
PO Box 346
Duchesne, UT 84021
435-738-1121
435-738-5522 (fax)

Peggy Taylor ✓
Grand County Deputy Clerk-Auditor
125 East Center
Moab, UT 84532
435-259-1323
435-259-2959 (fax)

Karla Johnson ✓
Kane County Clerk-Auditor
P.O. Box 728
Kanab, UT 84741
435-644-2458
435-644-2052 (fax)

Pamela Shaul ✓
Rich County Clerk-Auditor
P.O. Box 218
Randolph, UT 84064
435-793-2415
435-793-2410 (fax)

Steven Wall ✓
Sevier County Clerk
P.O. Box 517
Richfield, UT 84701
435-896-9262 x203
435-896-8888 (fax)

Brent Titcomb ✓
Wasatch County Clerk-Auditor
25 North Main
Heber City, UT 84032
435-654-3211 x309
435-654-5116 (fax)

Kim Lee ✓
Weber County Insurance Coordinator
2380 Washington Blvd. #230
Ogden, UT 84401
801-399-8377
801-399-8304 (fax)

Wed.

UACIM Member Dinner

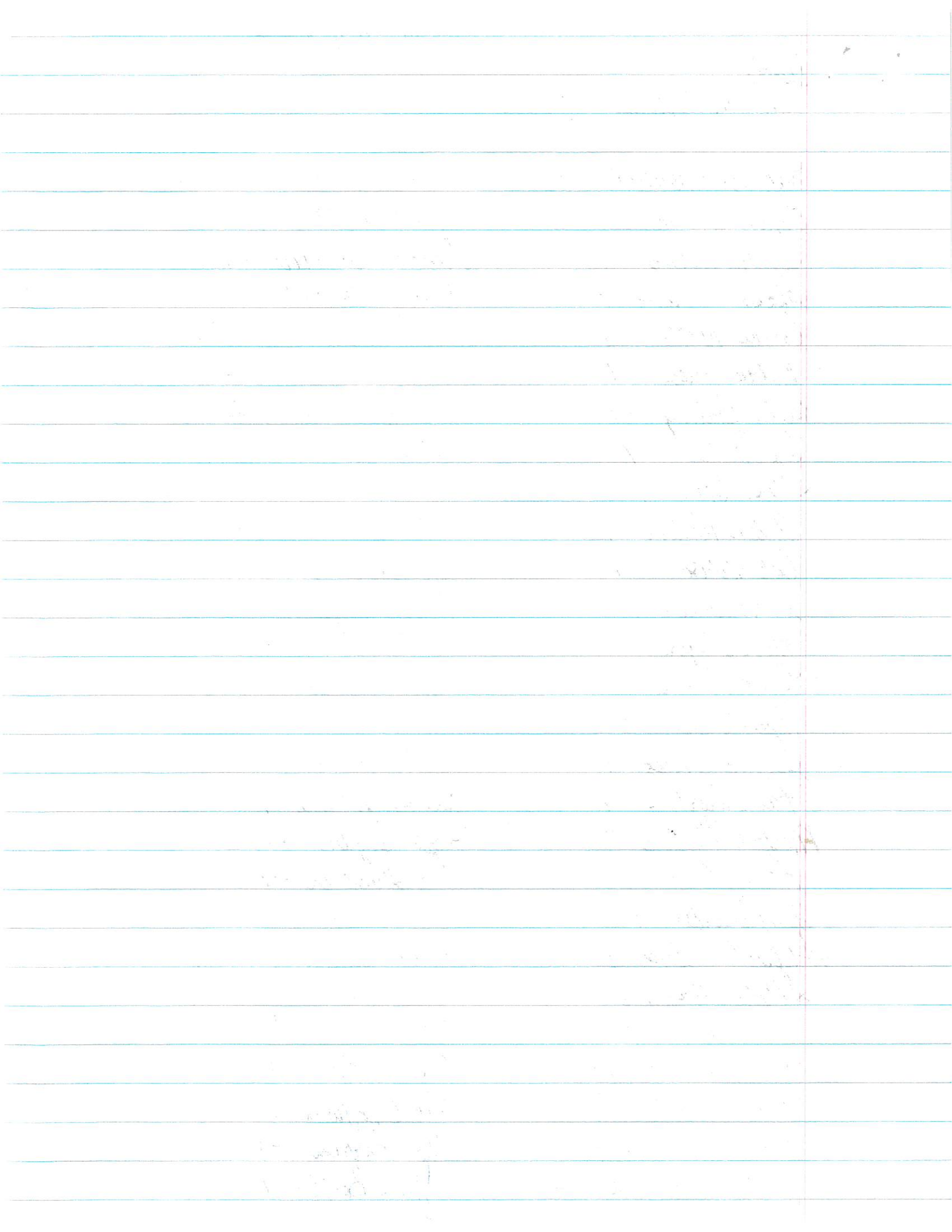
Need to list

67

80

✓ Kathleen Howell - 1
✓ Lynn Lemon - 1
✓ Janra Stones - 1
✓ Sharon Murdock - 1
✓ Colene Nelson - 1
✓ Nebra Ames - 1
✓ Rick Bailey - 1
✓ Ty Lewis - 1
✓ Elene Roth - 1
✓ Arlin Kukini - 1
✓ Cal Robinson - 1
✓ Steve Wall - 1
✓ Dennis Ayers - 1
✓ Royal Norman - 2
✓ Lee Allen - 2
✓ Suzanne Lees - 1
✓ Paul Barton - 1
✓ Morfene Mosher - 2
✓ Garver Cox - 1
✓ Tony Darden - 1
✓ Sheryl Dekker - 1
✓ Stephen Draper - 1
✓ Lois Bullock - 1
✓ Kere Roundy - 1
✓ Dennis Stowell - 2
✓ David Wardley - 1
✓ Mary Herbert - 2

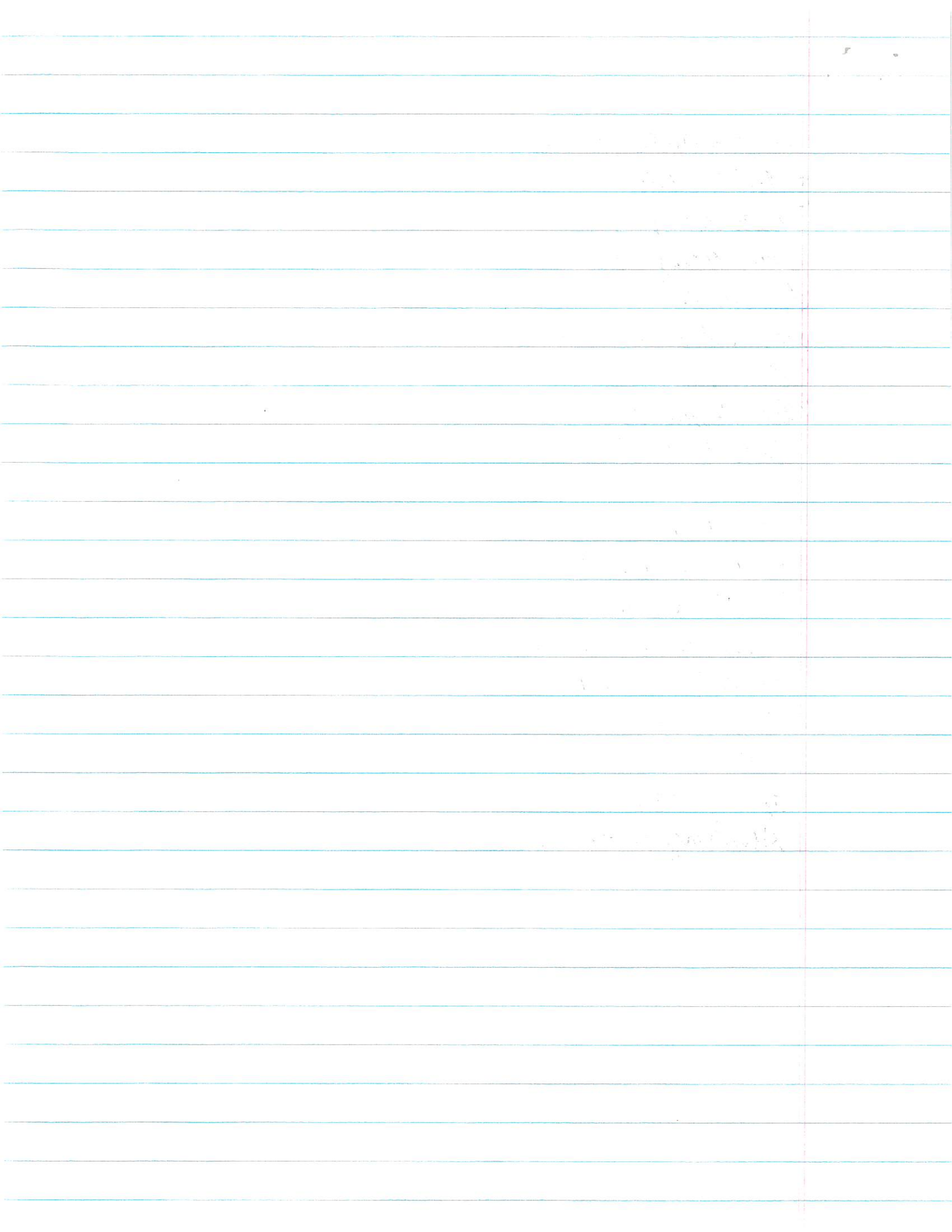
Robert Pero - 1 ✓
Carol Buckley - 1 ✓
Linda Lunsford - 1 ✓
Preston Ward - 1 ✓
Guy Thayne - 2 ✓
F. Ted Kappen - 2 ✓
Larry S. Ross - 2 ✓
Karen Jordan - 1
Melvin Hudman - 1 ✓
Janra Stones - 1 ✓
Art Partridge - 1 ✓
Mavis Heywood - 2 ✓
Diane Preston - 1 ✓
Dennis Lowder - 2 ✓
Kim Wilson - 1 ✓
Sheryl White - 1 ✓
Randy Johnson - 1 ✓
Herb Snyder - 2 ✓
~~Lee Gardner - 1~~
Bill Cox - 1 ✓
Ruth Smith - 1 ✓
Michael Bleed - 1 ✓
Earl Clark - 2 ✓
Steven Kjar - 1 ✓
Tat Ojigam - 1 ✓
Joe Bernini - 1 ✓
Jean Bowles - 1 ✓



Boyd Howarth - 1 ✓
 Shirl Nichols - 1 ✓
 Mike Seely - 1 ✓
 Craig Sperry - 1 ✓
 Bob Steele - 1 ✓
 Gayle Aldred - 1 ✓
 James Eardley - 1 ✓
 Alex Gardner - 1 ✓
 Brent Sitcomb - 1 ✓
 Scott Durye - 2 ✓
 Clare Ramsay - 1 ✓
 Louise Liston - 1 ✓
 Camille Moore - 1 ✓
 Sandra Rees - 1 ✓
 Karla Johnson - 1 ✓
 Kay Blackwell - 1 ✓
 Valen Brown - 1 ✓
 Lenna Romine - 1 ✓
 Glen Burgner - 1 ✓

John Bausch 1
 Carylton Sutterfield 2
 Kim Wilson 2

WAT



UAC INSURANCE MUTUAL

Membership Meeting

April 12, 2000

Provo Marriott

NAME

COUNTY/TITLE

SIGNATURE

WILLIAM LEMON	CACHE COUNTY EXECUTIVE	W. Lynn Lemon
Mike Glead	Cache Co. Recorder	W. L. Glead
Jim Smith	Cache County Personnel Mgr.	J. Smith
Dan R. Downs	Cache County Clerk	Dan R. Downs
David Yardley	Iron County Clerk	David Yardley
Robert Pero	Carbon County Clerk/Auditor	Robert Pero
Karla Johnson	Kane Co. Clerk/Aud	K. Johnson
Valeen Brown	Piute Co. Clerk-Auditor	Valeen Brown
Sandra Rees	Wayne Co. Clerk-Auditor	Sandra Rees
Camille Moore	Harfield Co. Clerk-Auditor	Camille M. Moore
Norman Carroll	Kane Co. Commission	Norman Carroll
Joseph Bernini	Juab Co. ^{clerk}	Joseph A. Bernini
William Doyle Howard	Juab County Commission	William Doyle Howard
Michael J. Seely	Juab County Staff	Michael J. Seely
Robert L. Steele	Juab County Commission	Robert L. Steele
Craig J. Sperry	Juab County Recorder	Craig J. Sperry
Lenna Romine	Piute Co. Assessor	Lenna Romine
Kay Blackwell	Piute Co. - Commissioner	Kay Blackwell
Lee Allen	Box Elder Co. Council	Lee Allen
John Rausch	Box Elder County	John Rausch
Elaine Norman	Box Elder County/Spouse	Elaine Norman
Royal Norman	Box Elder Co/Commission	Royal Norman
All Board -		

UACIM MEMBERSHIP MEETING

M I N U T E S

April 12, 2000, 5:00 p.m.
Provo Marriott, Utah County

BOARD MEMBERS PRESENT:

Gary Herbert, *President*, Utah County Commissioner
Dan McConkie, *Vice President*, Davis County Commissioner
Sarah Ann Skanchy, *Secretary-Treasurer*, Cache County Council
Ken Bischoff, Weber County Commissioner
Chad Johnson, Beaver County Commissioner
Ty Lewis, San Juan County Commissioner
Royal Norman, Box Elder County Commissioner
Tex Olsen, Sevier County Commissioner
Kent Petersen, Emery County Commissioner
Ed Phillips, Millard County Sheriff
Kent Sundberg, Utah County Deputy Attorney

MEMBERS PRESENT:

Lee Allen, Box Elder County Commissioner
Rich Bailey, San Juan County Administrator
Paul Barton, Beaver County Clerk-Auditor
Joe Bernini, Juab County Commissioner
Kay Blackwell, Piute County Commissioner
Valeen Brown, Piute County Clerk-Auditor
Norman Carroll, Kane County Commissioner
Bill Cox, Rich County Commissioner
Daryl Downs, Cache County Clerk
Mike Gleed, Cache County Recorder
Jerry Golins, Uintah County Administrator
Boyd Howarth, Juab County Commissioner
LeRay Jackson, Millard County Attorney
Karla Johnson, Kane County Clerk-Auditor

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Lynn Lemon, Cache County Executive
Camille Moore, Garfield County Clerk-Auditor
Judy Mutton, Duchesne County Personnel
Art Partridge, Washington County Assessor
Robert Pero, Carbon County Clerk-Auditor
John Rausch, Box Elder County Purchasing Agent
Steve Rawlings, Davis County Clerk-Auditor
Sandra Rees, Wayne County Clerk-Auditor
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Robert Steele, Juab County Commissioner
Lloyd Swain, Uintah County Commissioner
Guy Thayne, Duchesne County Commissioner
Steve Wall, Sevier County Clerk
Dave Wilson, Weber County Deputy Attorney
David Yardley, Iron County Clerk

OTHERS PRESENT:

Brent Gardner, UAC Executive Director
Brett Rich, Director, UACIM
Shawn Guzman, UACIM Loss Control Manager
Sonya White, UACIM Administrative Assistant
Rich Stokluska, AJG&Co., Account Executive

WELCOME AND ROLL CALL OF MEMBERS

Gary Herbert welcomed all those in attendance and called the meeting to order. Pursuant to the UACIM Bylaws Article 4.2(c) *A majority of the members shall constitute a quorum to do business.* Therefore, roll was taken and the following counties represented: Beaver, Box Elder, Cache, Carbon, Davis, Duchesne, Emery, Garfield, Iron, Juab, Kane, Millard, Piute, Rich, San Juan, Sevier, Uintah, Utah, Washington, Wayne and Weber. Counties not represented were: Grand, Sanpete and Wasatch.

APPROVAL OF NOVEMBER 1999, MINUTES

The minutes from the November 17, 1999 Annual Membership Meeting were previously sent to the membership for review. A motion was made to accept the minutes as written. The motion was seconded and passed unanimously.

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ANNUAL STATEMENT

Dan McConkie reported that the UAC Insurance Mutual is required to file an annual statement with the Utah Insurance Department and the National Association of Insurance Commissioners, showing its financial condition. The 1999 annual statement was filed on March 1, 2000, and shows that the financial condition of the Mutual continues to be strong. The total admitted assets increased by \$695,964, from the previous year, for a total of \$7,494,347, representing a 10.2% increase. As a public entity, the Mutual complies with the Money Management Act. The Mutual's assets are invested in the Public Treasurer's Investment Fund. These short-term investments at year-end equaled \$7,411,782. Total long-term invested assets increased by \$24,351 in 1999. This increase is a result of an increase in excess losses receivable or monies that the excess carriers are required to reimburse. Losses and loss adjustment expenses increased by \$67,133, from the previous year, for a total of \$3,440,301. The Mutual does not discount any of its loss reserves. These liabilities are computed in accordance with accepted actuarial standards using both in-house and industry driven data. The Mutual feels both loss and loss adjustment expense reserves are adequate to meet all known claims. Capital and surplus increased by \$706,311 in 1999. Premiums written and premiums earned increased by \$128,253 for a total of \$2,479,776. This represents a 5.5% increase because of the additional premiums received from Carbon and Weber Counties, wherein 1999 was the first full year of their membership—otherwise, premiums have remained constant for the Mutual. The year-end net income decreased by \$254,797 from the previous year due to the \$300,000 payment on the subordinated debentures but cash flow increased by \$82,979 because of the increased participation by Carbon and Weber Counties and from the increase in loss adjustment expenses paid in 1999. The Mutual has no plans for any material expenditures in the year 2000 that will adversely affect its financial stability.

2000 BUDGET

Sarah Ann Skanchy reported that the Board of Trustees has amended the 2000 Budget that was presented to the members in November. The amended 2000 Budget has been adopted as follows:

Revenue		
Premiums	\$3,090,000	
Investment Income	400,000	
Losses & Loss Expenses		
Losses ¹	\$1,580,000	
Claims Management ²	224,000	
Reinsurance	623,875	
Loss Adjustments ³	0	
Administration Expenses		
Broker ⁴	\$105,000	
Administration ⁵	447,686	
Professional ⁶	50,000	
Interest ⁷	40,000	
Other ⁸	8,000	
Net Income		\$411,439
Payment of Debentures		\$589,899

¹ This budgeted item is based on the attachment point set by the reinsurer. This includes agreements that prevent any one loss from exceeding \$250,000 and all losses from exceeding \$1,580,000.

² Contract amount for in-house claims administration through McLaren's Toplis.

³ Based on loss adjustments, if any, from the previous year. This item is necessary in the event adjustments are made in accordance with actuarial reviews. As long as the losses equal the amount specified in the reinsurance agreement, this amount will remain at zero.

⁴ Based on an \$85,000 fixed fee and up to an additional \$20,000 performance bonus.

⁵ Contract amount to administer the program through the Utah Association of Counties.

⁶ This item includes costs of accounting, auditing, actuarial and legal opinions.

⁷ Potential interest accruing on the subordinated debentures.

⁸ Used to pay for D&O coverage for the Board of Trustees, bank service charges and any unexpected expenses.

CLAIMS EXPERIENCE

Through a series of graphs displayed for the members, Brett Rich reported on the loss experience of the Mutual. The first graph showed losses by line of coverage. General liability claims account for 58% of the total losses, automobile claims 36%, followed by property and public officials claims. The second graph depicted the total amount incurred by year since the inception of the Mutual. From 1992-1994 losses rose considerably, wherein years 1995-1996 losses decreased. From 1997-March 2000 losses are steadily trending upwards again, which is a concern for the Mutual. The third graph showed the property loss experience over the history of the Mutual by type of property loss. All risk claims account for 41% of the property losses, fire claims 36%, followed by contents. The fourth graph depicted the total amount incurred by year for property losses, which showed a steady increase. One loss can have a large impact on the property experience, e.g., in 1999, more than one-third of the total experience was due to one fire loss. The fifth graph showed the general liability loss experience by type. Civil rights claims account for 51% of the general liability losses, bodily liability 23%, errors and omission 16%, followed by property liability and inverse condemnation. The sixth graph depicted the total amount incurred by year for general liability losses. This chart shows a steady decline in this area, which is very positive in that general liability claims make up 58% of the total losses of the Mutual. The seventh graph showed the auto loss experience by type. Auto physical damage claims account for 46% of the auto losses—damage caused by county drivers to county vehicles, bodily injury 30%, followed by third-party property damage 24%. The eighth graph depicted the total amount incurred by year for auto losses. From 1992-1994 losses rose considerably, were back down in 1995 and 1996 but trending upward again from 1997-2000, even though the last two years are not fully developed. The Board and the loss control department are monitoring these trends very closely. The ninth graph showed losses broken down by department. There is significant liability exposure in law enforcement and the operation of jails within the counties. Law enforcement losses account for 45% of all claims within the Mutual, administration 26%, public works 20%, followed by social services, public safety, health and landfill. The tenth chart showed that the Mutual has and are handling 98.8% of all claims reported and denying only 1.2%. Of those 1.2% claims denied, 81% were due to no money damages, 7% were malpractice claims, back wages, no civil suit filed, no accident or intentional act and one pollution damage each made up 3% of the remaining total.

PAYMENT OF DEBENTURES

Ty Lewis reported that as of year-end 1992, the Mutual had \$838,944 in surplus. From 1992-1996, surplus increased at a very slow rate. From 1997-1999, the Mutual has done very well financially, therefore, increasing the surplus by \$2,614,615 for a total of \$4,044,046 at year-end. Once the 1999 annual statement was complete, the Board of Trustees, at their February meeting, decided to request that the Insurance Commissioner approve the entire payoff of the debenture debt. On March 14, a letter from the Insurance Department authorized the repayment of the debentures. Therefore, Davis County received a check in the amount of \$75,369, Emery County \$262,655, Garfield County \$161,629, San Juan County \$50,510 and Washington County \$75,369. These Counties will receive one more check for interest accrued in March once the Public Treasurers Investment Fund announces the interest rate.

